

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE KANSAS ECONOMY

The importance of small business to the state of Kansas is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Kansas had 64,074 businesses with employees; 97.9 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 92,000 self-employed persons in 1996, for an estimated total of 156,074 businesses.

Small Business Income - The income of sole proprietors and partners rose 6.8 percent to \$4.4 billion in 1996, while wage-and-salary income rose 6.4 percent. Total personal income rose 6.4 percent to \$36.4 billion. The state also exported \$5.0 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 83,500 women-owned businesses in Kansas, including part-time firms, employing 160,900 people and generating \$20.2 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 43.5 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 32.5 percent from 1987 to 1992, totaling 3,078 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 55.5 percent during the same time period with 2,396 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,366 in 1987, to 1,842 in 1992, representing a 34.8 percent increase.

Business Turnover - The number of new firms decreased 11.9 percent, while new business incorporations decreased 2.2 percent in 1996. Financial difficulties leading to business bankruptcies increased by 0.5 percent and business failures increased by 15.0 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Kansas decreased from 476 in 1994 to 423 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
FIRST NB OF WAWEGO	Wamego
FIRST NB OF CONWAY SPRINGS	Conway Springs
PEOPLES ST BK	Topeka
TRI-CTY NB	Washington
UNITED NB	Natoma
BANK OF THE SOUTHWEST	Dodge City
FIRST NB&TC	Phillipsburg
FARMERS B&TC NA	Great Bend
KAW VALLEY ST B&TC	Topeka
FIRST NB OF WINFIELD	Winfield
SHAWNEE ST BK	Shawnee
CITIZENS ST BK OF MARYSVILLE	Marysville
SUNFLOWER BK NA	Salina
INTRUST BK NA	Wichita

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 43.7 percent of the small business growth with 33,675 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	15,736	17,939	13,926	29,516	(7,905)	69,212
Manufacturing	670	2,377	2,398	2,302	(2,959)	4,789
Retail Trade	2,519	2,813	2,954	1,368	(2,534)	7,120
Services	11,228	7,920	8,678	24,671	7,005	59,502
Other	1,319	4,828	(103)	1,174	(9,417)	(2,198)

Industries - The composition of small business in Kansas is very diverse. The Health Services industry is the largest small business employer in Kansas, followed by Eating & Drinking Places. The fastest growing industry for small business is Apparel (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Kansas by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	954,318	100.0	57.0
Health Services	8000	117,771	12.3	47.0
Eating & Drinking Places	5800	78,330	8.2	69.8
Business Services	7300	45,412	4.8	56.1
Transportation Equipment	3700	41,671	4.4	9.7
Wholesale Trade - Durable Goods	5000	38,375	4.0	74.1

Table 2, Top Five Small Business Industries in Kansas by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	543,659	100.0	57.0
Health Services	8000	55,316	12.3	47.0
Eating & Drinking Places	5800	54,675	8.2	69.8
Wholesale Trade - Durable Goods	5000	28,441	4.0	74.1
Special Trade Contractors	1700	27,534	3.0	96.4
Business Services	7300	25,461	4.8	56.1

Table 3, Fastest Growing Industries for Small Business in Kansas, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	531,666	543,659	11,993	2.3
Apparel	1,805	2,143	338	18.7
Building Construction	9,292	10,825	1,533	16.5
Communications	3,305	3,837	532	16.1
Special Trade Contractors	24,453	27,534	3,081	12.6
Agricultural Services	4,870	5,405	535	11.0

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.